

Message Text

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ORIGIN EB-08

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APPROVED BY EB/OT/STA:JSSPIRO
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STR:JWALSH
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FM SECSTATE WASHDC
TO AMCONSUL HONG KONG
INFO AMEMBASSY TAIPEI
AMEMBASSY SEOUL
AMEMBASSY MANILA

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E.O. 11652: N/A

TAGS: ETRD

SUBJECT: REPORTED SHIFT OF FOOTWEAR MANUFACTURING OPERA-
TIONS FROM REPUBLIC OF CHINA (ROC) TO HONG KONG

REF: "TATE 72268

1. A DOMESTIC FIRM MANUFACTURING PLASTIC SANDALS HAS EX-
PRESSED CONCERN TO THE INTERAGENCY FOOTWEAR IMPORT MONITOR-
ING COMMITTEE THAT AS A RESULT OF THE ORDERLY MARKETING
AGREEMENT (OMA) NEGOTIATED WITH THE ROC A TAIWANESE FIRM
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WHICH PRODUCES DIRECTLY COMPETITIVE PLASTIC SANDALS HAS OR
INTENDS TO MOVE ITS MANUFACTURING MACHINERY AND/OR MOLDS
TO HONG KONG. THE UNITED STATES FIRM PRODUCES A LINE OF
ONE PIECE INJECTION MOLDED PLASTIC SANDALS VARIOUSLY
KNOWN IN THE TRADE AS "OGGS PLASTIC FISHERMAN SANDALS,"
OR "JELLY SANDALS," OR "JELLY BEANS" OR "OGG JELLIES" OR
"JELLIES." THE UNITED STATES FIRM IS CONCERNED BECAUSE

ORDERS ARE BEING TAKEN BY A FIRM IN HONG KONG FOR AN EXACT COPY OF ITS SANDALS AT FAR LOWER PRICES, THUS DIS-PLACING SALES OF DOMESTICALLY PRODUCED SANDALS.

2. THE DOMESTIC FIRM HAS IDENTIFIED THE SANYEI CORPORATION, KAISER ESTATE, FOURTEENTH FLOOR, 41 MAN YUE STREET, HUNGHOM, KOWLOON, AS THE HONG KONG FIRM OFFERING TO SUPPLY

INJECTION MOLDED PVC FISHERMAN SANDALS ALLEGEDLY NO LONGER AVAILABLE FROM THE ROC AS A RESULT OF THE OMA. THE UNITED STATES FIRM NOTES THAT SANYEI IS NOW SOLICITING ORDERS FOR DELIVERY IN THE SPRING AND SUMMER OF 1978 AND THAT IMPORTS OF SUCH SANDALS FROM HONG KONG MAY REACH ONE MILLION PAIRS.

3. TO ENABLE THE COMMITTEE TO RESPOND TO THE U.S. FIRM IT WOULD APPRECIATE RECEIVING ANY INFORMATION THE CONSULATE CAN SUPPLY ON THE FOLLOWING:

(A) IS SANYEI PRODUCING "JELLIES" IN HONG KONG?

(B) IF SO, WERE THE SANDALS HERETOFORE PRODUCED IN TAIWAN OR HAS SANYEI PREVIOUSLY PRODUCED "JELLIES" IN HONG KONG?

(C) IS THE MACHINERY AND/OR MOLDS AT SANYEI THAT FORMERLY INSTALLED IN A PLANT IN TAIWAN?

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(D) DOES THE CONSULATE HAVE INFORMATION CONCERNING TRANSFERS OF OTHER FOOTWEAR OPERATIONS FROM THE ROC TO HONG KONG?

4. IN 1976, UNITED STATES IMPORTS OF NONRUBBER FOOTWEAR FROM HONG KONG TOTALED 6.7 MILLION PAIRS, UP 20 PERCENT OVER THE 1974 LEVEL. FOR THE PERIOD JANUARY-JUNE 1977 THEY

TOTALED 3.9 MILLION PAIRS REFLECTING AN INCREASE OF MORE THAN 35 PERCENT OVER THE CORRESPONDING SIX MONTHS OF 1976. IN REFTTEL WE INDICATED OUR CONCERN OVER ANY SUDDEN SHIFTS IN TRADE IN NONRUBBER FOOTWEAR WHICH WOULD UNDERMINE THE EFFECTIVENESS OF THE OMAS WITH THE ROC AND ROK AND INTERFERE WITH THE PRESIDENT'S ADJUSTMENT ASSISTANCE PROGRAM FOR THE UNITED STATES FOOTWEAR INDUSTRY.

5. CONSULATE MAY, IN ITS DISCRETION, BRING THE CONTENTS OF PARAGRAPH FOUR TO THE ATTENTION OF THE LOCAL AUTHORITIES AND NOTE THAT WE ARE LOOKING INTO ALLEGATIONS OF TRANSFERS OF FOOTWEAR OPERATIONS FROM THE ROC TO HONG KONG. VANCE

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Message Attributes

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Disposition Approved on Date:
Disposition Case Number: n/a
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